HOUSING MARKET INFORMATION

HOUSING MARKET OUTLOOK

Canada Edition

Canada Mortgage and Housing Corporation

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Soft landing for housing starts in 2008

Overview

Housing starts:
2007: 227,500
2008: 214,300
Resales:
2007: 521,100
2008: 500,800

Housing starts: Housing starts will remain near last year's pace of over 227,000 units, increasing slightly by 0.1 per cent to 227,500 units in 2007. Housing starts will decrease in 2008 to reach 214,300 units.

Resales: Existing home sales through the Multiple Listing Service® (MLS®) will establish a new record with 521,100 sales this year. The previous record was set in 2005 at just over 483,300 sales. MLS® sales will move lower to about 500,800 units in 2008.

Resale prices: Growth in the average MLS® house price will remain strong at 10.1 per cent in 2007. In 2008, as resale markets become more balanced, price growth will moderate to 4.2 per cent.

Provincial Spotlight

Saskatchewan: A favourable economic outlook thanks to a strong natural resource sector combined with higher labour force participation and an improved migration picture will contribute to strong activity in the new housing market. Housing starts will jump from 3,715 units in 2006 to 6,000 units in 2007, a 61.5 per cent gain, making 2007 the best performance in over 20 years. Modest declines are expected in new home construction to 5,500 units in 2008 as some pent-up demand is satisfied. The average MLS® price in Saskatchewan will rise by 28.7 per cent and 13.5 per cent in 2007 and 2008, respectively. (Details on Page 11)

Quebec: Recent economic growth coupled with strong job creation and disposable income growth will contribute to the strong activity in Quebec's new housing market this year. Housing starts will grow by 9.4 per cent to 52,400 units this year but will decrease to about 48,400 units in 2008. The average MLS® price in Quebec will rise by 6.8 per cent and 3.3 per cent in 2007 and 2008, respectively. (Details on Page 14)

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Canada

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National Housing Outlook

In Detail

New home construction in 2007 and 2008 will remain strong by historical standards. Indeed, housing starts in Canada this year will register a slight 0.1 per cent increase to 227,500 units over last year's pace of 227,395 units. Four out of the ten provinces will see housing starts move higher in 2007. Saskatchewan will lead the way - housing starts will increase by more than 61 per cent in 2007. Manitoba, Quebec, and Newfoundland and Labrador will also see an increase in housing starts this year while the remaining provinces will experience a decline. Residential construction will begin to trend downward next year as housing starts decline 5.8 per cent to 214,300 units. Despite the decline, 2008 will be the seventh consecutive year in which housing starts exceed the 200,000 unit threshold.

High employment levels and rising incomes will continue to provide a solid foundation for strong housing markets. Nonetheless, several factors will cause construction activity to ease. Much of the pent-up demand that built up during the 1990s has now been fulfilled and residential construction activity will gradually move in line with demographic fundamentals. Higher mortgage carrying costs due to continued price growth will also temper housing demand, particularly among first-time buyers, who are more sensitive to the widening gap between the cost of renting and homeownership. Another factor contributing to the decrease in the pace of new home construction is competition from the existing home market, particularly in the central and eastern provinces, where housing markets are more balanced. As the number of existing homes listed for sale rises into next year, this will increase the choice available for homebuyers, creating less spillover demand from the existing into the new home market.

This decrease in spillover demand is already being felt in the majority of central and eastern Canada. As a result, the demand for new homes has slowed in Ontario and most Atlantic provinces, excluding Newfoundland and Labrador, creating a decline in housing starts this year and next. As for Western Canada, housing starts in Saskatchewan and Manitoba will experience strong growth in 2007, however housing starts will decline in Alberta and British Columbia. Despite the declines in Alberta and British Columbia, the level of activity remains very high. In fact, housing starts in Alberta are expected to reach their third highest level on record this year.

Single starts will continue to trend lower into 2008

Single detached starts peaked in 2004 at 129,171 units, reaching their highest level since 1987. Since 2004, single starts have been trending downwards and will continue to do so in 2007 and 2008. Single detached construction activity is forecast to fall 3.6 per cent from 121,313 units in 2006 to about 117,000 units in 2007, and decline an additional 8.1 per cent to 107,500 units in 2008.

Starts of single-detached homes will rise in six out of ten provinces across Canada in 2007. In fact, single-detached starts in Saskatchewan are expected to grow by 48.8 per cent from 2,689 units in 2006 to 4,000 units in 2007, reaching levels not seen in the province since 1983. Newfoundland and Labrador, Manitoba, New Brunswick, Quebec, and Prince Edward Island will also see an increase in single-detached starts in 2007. On the other hand, British Columbia, Alberta, Nova Scotia and Ontario will experience declines in single-detached starts, dropping by 11.9 per cent, 11.3 per cent, 5.7 per cent, and 3.7 per cent in 2007, respectively. In 2008, single-detached starts are expected to slow in every province except Manitoba where single-detached starts are expected to grow by 1.3 per cent.

Multi-family starts will begin to slow in 2008

Starts of multiple family homes will increase this year and slow in 2008, although to a lesser extent than for single-detached homes. Multi-family starts will increase to 110,500 units in 2007 (up 4.2 per cent) and decrease to 106,800 units in 2008 (down 3.3 per cent).

The slower decline in multiple starts reflects a shift in demand toward less expensive homes. This is especially the case in Western Canada, where rising house prices have pushed mortgage carrying costs higher. In fact, British Columbia and the Prairies, where growth in house prices has been strong, will see an increase in multi-family housing starts in 2007, while Ontario and the Atlantic region will see a decline in multi-family starts as growth in

house prices continue to moderate. Quebec is the exception in eastern Canada where multi-family starts will increase this year.

Across the nation, the largest decreases in multiple starts in 2007 will be in Prince Edward Island (42.5 per cent), Ontario (12.2 per cent), Newfoundland and Labrador (12.2 per cent) and New Brunswick (10.1 per cent). Nova Scotia will also experience a decline in multiple starts, but by only 1.8 per cent. On the other hand, multi-family starts are forecast to nearly double in Saskatchewan (94.9 per cent) and increase by 35.5 per cent in Manitoba, 13.9 per cent in Quebec, and 13.9 per cent in Alberta. Multiple starts in British Columbia will see an increase of 7.6 per cent in 2007.

Apartment starts, which account for two-thirds of total multi-family starts, will move up by 2.5 per cent in 2007 and then decrease by 0.4 per cent in 2008. Starts of rowhouses will increase by 12.6 per cent this year and decrease 8.9 per cent in 2008, while starts of semi-detached houses will remain relatively unchanged in 2007 and decline 9.1 per cent in 2008.

MLS®[1] sales will set a new record in 2007

Existing home sales as measured by the Multiple Listing service (MLS®), will increase 7.8 per cent to 521,100 units, surpassing the previous record level of 483,344 set in 2005. In 2008, MLS® sales will decrease by 3.9 per cent to 500,800 units reflecting moderating demand due to rising mortgage carrying costs.

[1] Multiple Listing Service (MLS) is a registered certification mark owned by the Canadian Real Estate Association

Despite the decline, MLS® sales in 2008 will be at their second highest level on record.

House price gains will remain strong in 2007

The rate of increase in the average MLS® house price is expected to moderate only slightly to 10.1 per cent in 2007, pushing the average MLS® price to about $305,000 as strong sales in Western Canada continue to put pressure on prices. In 2008, existing home markets will become more balanced and price pressures will begin to ease. The average MLS® price will increase by 4.2 per cent to $317,900 in 2008.

Trends Impacting Housing

The Economy

The Canadian economy slowed but remained strong during the second quarter of 2007. Annualized growth in real gross domestic product (GDP) was 3.4 per cent, down from 3.9 per cent in the first quarter. Growth, however, is still much higher than the 1.5 per cent in the fourth quarter of 2006.

The consumer continues to be a major contributor to economic growth. Personal expenditures were up an annualized 4.9 per cent in the second quarter of 2007 due to robust growth in personal income and strong employment. This is expected to continue to bolster the economy into 2008. While interest rates have increased, they still remain relatively low and should not put a significant drag on consumer spending.

The continuing challenge for the Canadian economy is the deterioration in net exports due to slowing economic growth south of the border and the high value of the Canadian dollar, which has been further bolstered by high commodity prices and the recent 50 basis point interest rate reduction in the United States. It is unclear how aggressive the Fed will be in combating the lingering issues in the U.S. sub-prime housing market and whether further interest rate reductions will occur.

Output in both the services and goods producing industries' grew in the second quarter, increasing by an annualized 3.8 per cent, and 1.4 per cent respectively. The manufacturing sector finally experienced a quarter of positive growth, the first since the fourth quarter of 2005. However, these gains were offset somewhat by declines in oil and gas exploration, agriculture, forestry, and accommodation and food services.

On the whole it is still anticipated that domestic demand will remain the engine of Canada's economic expansion for 2007 and 2008. Consumer spending should stay vibrant thanks to high employment, income gains and low interest rates. On the downside, lower housing starts and soft net exports could continue to be a drag on economic growth.

It is expected that inflationary pressures will remain limited with the Canadian economy growing at projected rates of 2.6 per cent in 2007 and 2.7 per cent in 2008.

Mortgage Rates

Mortgage rates are expected to remain flat through the end of 2007. While still low by historical norms, mortgage rates are expected to rise gradually by 25-50 basis points in 2008. The one year posted mortgage rate is forecast to be in the 6.50-

TRENDS AT A GLANCE

Key Factors and their Effects on Residential Construction

Factor	Comment
Mortgage Rates	Mortgage rates have moved slightly higher over the past year. This rise, in conjunction with higher house prices, will increase mortgage carrying costs. As a result, this will ease housing demand, particularly for first-time buyers.
Employment	A record share of Canadians are employed, moving the economy close to full-employment. Accordingly, job growth should slow to rates that are more in line with overall population growth. Job creation will continue to stimulate housing demand, but not as much as in the previous years.
Income	Rising incomes will continue because of tight labour markets and a strong demand for workers. This should partially offset the negative impact of higher mortgage carrying costs on home ownership demand.
Net Migration	Net migration is expected to remain strong in 2007 and into 2008. Ontario, Quebec, and British Columbia will continue to attract the bulk of the international immigrants. Alberta and B.C. will attract a large number of inter-provincial migrants from the rest of Canada.
Natural Population Increase	Canada's population is aging, and as a result, a smaller proportion of people are in their child bearing years and thus the birth rate is decreasing. High immigration levels will slow the average aging of the population, however, the rate of increase in the natural population (births - deaths) is slowing. This will eventually lessen the demand for additional housing stock in the longer term.
Consumer Confidence	Consumer confidence, as measured by the Conference Board of Canada, remains solid. Furthermore, strong consumer sentiment is expected to prevail throughout the forecast period. Confident consumers will continue to support demand for home ownership.
Resale Market	MLS® sales are expected to hit a new record in 2007. Lower existing home sales, combined with a high level of new listings in 2008, will move the resale market towards more balanced territory. As a result, the rate of growth in the average MLS® price will moderate slightly this year and will slow even more next year.
Vacancy Rates	Modest rental construction and increased competition from the condo market will be offset by strong rental demand due to high immigration and a rising gap between the cost of homeownership and renting. As a result, vacancy rates across Canada's metropolitan centres should remain relatively stable, edging higher in 2007 and 2008.

7.50 per cent range, while three and five year posted mortgage rates are forecast to be in the 6.75-7.75 per cent range in 2008.

Migration

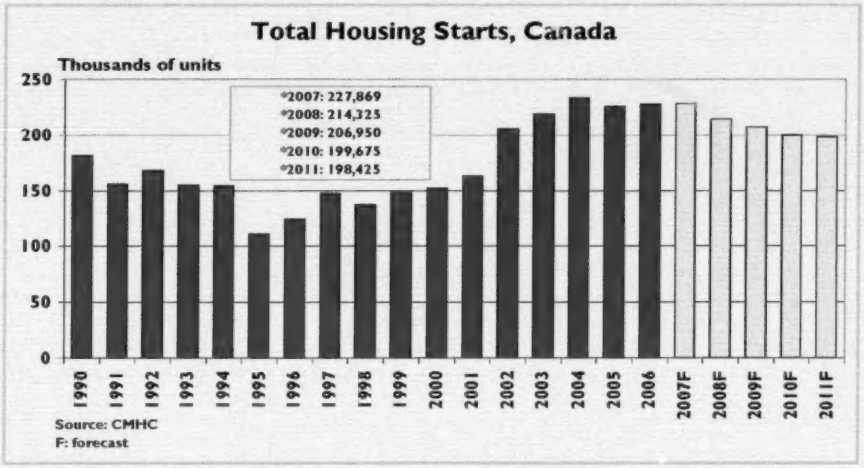
Net migration (immigration minus emigration) should decrease by about 2 per cent to under 213,000 people in 2007. In 2008, net migration will remain unchanged with just under 213,000 migrants. Even with an expected slight decrease in net migration during 2007, the overall level of net migration remains high and will add to housing demand. The majority of newly arrived immigrants initially settle in rental accommodations, and, over time, an increasing share of migrants will move into home ownership. Net inter-provincial migration to Alberta, and to a lesser extent British Columbia and Saskatchewan, will continue to support demand for both rental and ownership housing in these provinces in 2007 and 2008.

Employment and Income

For 2007, employment is forecast to grow at a healthy pace of approximately 2.2 per cent. On a comparative basis, 2006 experienced 1.9 per cent growth with most of the new jobs created as full time positions. A record share of Canadians were employed during 2006, which helped the unemployment rate to drift down to 6.3 per cent.

At present the Canadian economy is close to full employment. Accordingly, the pace of employment growth is expected to slow to a pace that is more in line with that of the general population. Employment is forecast to grow by 1.4 per cent and the unemployment rate is likely to remain low, below 6.0 per cent, in 2008.

These tight labour market conditions have led to strong growth in average weekly earnings, particularly in Western Canada. Income and employment growth will limit the expected decline in demand for new and existing homes next year.



Outlook for Housing Starts 2007-2011

The outlook for the housing market continues to be very upbeat for the near term. Housing starts will remain above the 200,000 unit threshold for a seventh consecutive year in 2008, a feat last accomplished in the 1971-1978 period. Over the long term it is expected that residential construction will gradually decline as factors that drive housing become less stimulative reaching approximately 198,425 units by 2011. Despite this downward movement, the level of activity will remain well above the average annual level of about 150,000 housing starts observed during the 1990s.

The outlook for Canadian GDP growth remains positive over the medium term. The economy will continue to operate close to its capacity and expand at about 3 per cent from 2008 to 2011. Employment growth is expected to be constrained over this time frame since a record number of Canadians are presently employed. Employment growth will average 1.3 per cent annually over the 2008 to 2011 period. At this pace, the unemployment rate is expected to creep up toward 6.5 per cent range by 2011.

Inflation will remain modest at about 2 per cent per year over the medium term. As a result, both short and long term interest rates will be fairly stable going forward. Longer term mortgage rates, such as the 5 year fixed rate, will stay low and should increase by 50 to 75 basis points between 2008 and 2011.

Population growth is a key driver of housing demand over the longer term and a major contributor to population growth is immigration. More than 216,000 immigrants arrived in Canada in 2006. Looking ahead, continuing tight labour market conditions will provide an attractive environment that will continue to draw large numbers of immigrants to

Canada. As a result, net migration is forecast to rise steadily through 2011. This rise will boost population growth and household formation, which in turn will support strong levels of housing starts through 2011. Ontario, Quebec and British Columbia will continue to attract most of the new immigrants settling in Canada.

Housing starts will remain high but will decrease gradually between 2008 and 2011

It is expected that modest increases in mortgage carrying costs over the next five years, when coupled with the erosion of the pent-up demand from the 1990s, will cause housing demand to weaken gradually. Accordingly, housing starts are expected to move towards levels that are more consistent with demographic fundamentals. In addition, as the existing home market moves towards a more balanced territory, home buyers should be presented with more buying choices. The end result is that there will be less spill over of housing demand from the resale home market into the new home market. Housing starts are forecast to remain above 200,000 units in both 2008 and 2009. However, starts will dip below this threshold and will slow to about 198,000 units by 2011.

British Columbia

Recent upward revisions to interprovincial migration and higher household formation resulted in a slight upward revision to the long-term housing starts forecast for British Columbia. Population to this western province will continue to support the demand for homes. In particular, British Columbia will boast the second strongest population growth among the provinces, lagging only behind Alberta. The growth in interprovincial migration, which began in mid-2003, is expected to continue through 2008. In addition to interprovincial migration, buoyant job creation and a healthy economy will keep residential construction at above-average levels. In the longer-term, however, a gradual rise in interest rates and increasing construction costs will cause housing starts to taper off from 33,250 units in 2008 to 31,200 units by 2011.

Alberta

The outlook for new home construction in Alberta is highly favourable, due in large part to more than $150-billion of oil and gas-related investment. Nevertheless, other indicators show that housing starts are past their 2006 peak. Rapid price escalation and modestly higher mortgage rates will restrain new home demand in the coming years, as will heightened selection in the competing resale market. Meanwhile, the rate of employment growth will slip below recent highs, due largely to persistent labour shortages and much more moderate net migration. The growing disparity in house prices and improving economic prospects in British Columbia and Saskatchewan are weakening Alberta's draw for interprovincial migrants. Under these conditions, housing starts will trend downward during the next five years, reaching 37,500 in 2011. While this will represent the fewest housing starts since 2004, Alberta will maintain its status as the leader in housing starts on a per capita basis, a position it has consistently held since 1997.

Saskatchewan

Thanks to elevated commodity prices and firm demand for its natural resources, Saskatchewan is quickly becoming one of Canada's economic growth leaders. The province's vibrant economy, combined with tight labour markets, relatively inexpensive housing, and aggressive efforts to attract migrants, has initiated a remarkable turnaround in net migration. After an extended 22-year period of decline, net migration is now on pace for its strongest gain on record. The resulting demand is pushing housing starts up to 6,000 units in 2007, a year-over-year increase of 62 per cent. This rapid rise in demand is leading to significant upward price pressures, which will cut the gap in provincial house prices and temper the flow of interprovincial migrants. Consequently, housing starts are forecast to slip modestly through 2011, reaching 5,100 units by the end of the forecast period. Despite this moderation, the five-year average for housing starts will be the province's strongest since the early 1980s.

Manitoba

As in other western provinces, gains in net migration will be a key driver of new housing demand in Manitoba over the next five years. International sources will remain the leading contributor of net migration, thanks to the increasingly successful Provincial Nominee Program. Manitoba's low unemployment rate, persistent labour shortages and growing disparity in provincial house prices will also help in mitigating the loss of migrants to other provinces. Overall, the population increase will result in much-needed expansion to the labour force, leading to solid full-time employment gains. Under these

conditions, Manitoba builders will post their best five-year average for housing starts since the mid 1980s. Housing starts will peak at 5,750 units in 2007 and moderate only slightly through 2011 due to rising mortgage carrying costs and more balanced resale market conditions. While additional lot selection will boost single-detached construction in the short term, rising single-detached prices, coupled with an aging population, should boost the proportion of multi-family units in the coming years.

Ontario

Ontario new home construction is driven by both economic and demographic considerations. Over the longer term, a number of factors point to a downtrend in housing starts. Firstly, slower economic growth will lead to a reduction in employment gains across Ontario, and this will limit housing demand for both new and existing homes. Secondly, a more balanced resale market suggests that more consumers will meet their housing needs in the resale market - tempering the spillover demand into the new construction market. Thirdly, fewer serviced lots available for residential construction will limit opportunities for low density development. Finally, with slower economic growth, housing activity will be driven by demographic trends, which point to slower household formation across the province. Recently released 2006 census data from Statistics Canada indicates that the annual rate of household formation in Ontario slowed to approximately 67,000 households between 2001-2006. However, some relief to a softer demographic picture could come by 2011 when the children of the baby boomers leave their parental home and move into the ownership market for the first time. Housing starts in Ontario, which peaked at over 85,000 units during the 2003-04 period, are forecast to decrease from 68,175 units in 2008 to 65,000 units by 2011.

Quebec

According to the 2006 census, an average 42,000 households were formed each year in the province of Quebec between 2001 and 2006. Given this latest data, and residential construction levels during that same period, it is now apparent that the pent-up demand of the latter 1990s has now been more than absorbed. As a result, the level of housing starts will decline during the forecast horizon. Multi-family homes, be they condominium apartments, retirement homes or town homes, will continue to see their market share rise as population aging and affordability drive future demand. In total, starts are forecast to be 52,400 units for 2007. Starts will decrease to 48,420 units for 2008 and will decrease further to 43,000 units by 2011, a drop of 17.9 per cent from 2007.

New Brunswick

Economic growth in the province will be supported over the 2008-2011 forecast period by continued capital investment, particularly in large scale energy sector projects. Major upgrades to New Brunswick's sole nuclear power generation facility, the construction of a liquefied natural gas terminal and plans for a new refinery in Saint John bode well for future economic activity in the province. Against this optimism, manufacturers and exporters will be challenged as a result of the strength of the Canadian dollar and high energy prices. Urbanization will continue to shift the growth of residential construction towards the province's largest urban centres including Moncton, Saint John, and Fredericton. Overall, population growth will be modest, and migration towards Western Canada will be tempered by the ramping up in construction activity associated with the proposed refinery once the project receives final approval. The result will be a relatively stable level of activity for the provincial housing market over the forecast period. Total housing starts should remain near 3,700 units in 2008-2009 before rebounding upward to 4,000 units by 2011.

Nova Scotia

Economic and employment growth are forecast to continue at a moderate pace through 2011. Growth in Nova Scotia's service sector will continue to be important to the economy's overall performance. Continued investment in information technology, retail and the financial and transportation sectors will contribute the most to the province's overall level of growth. Nova Scotia should also benefit from an increased level of energy investment activity expected in both Newfoundland and New Brunswick.

Prospects for growth could be further rekindled by offshore energy investment activity from projects such as Deep Panuke and the Keltic LNG projects. Should one, or both, of these projects move into the construction phase, provincial GDP growth could accelerate, which would create a significant upside risk to the current forecast.

Provincial housing market activity will continue to descend gradually from the recent cyclical peak. Total annual housing starts are forecast to decline to 4,250 in 2011 from 4,525 in 2008 driven by continued growth in large multi-residential developments as the demographic profile of the population continues to support the growth in main-floor living arrangements.

Prince Edward Island

The Island's economy will continue to grow moderately over the 2008 to 2011 period. The most important sectors contributing to growth will be tourism, agriculture and fisheries. The province is continuing to develop new tourism strategies to increase the overall sector's contribution to PEI's GDP. The Island's information, technology and aerospace industries are expected to expand as the local economy continues to diversify and decrease it's reliance on the primary industries.

A positive outlook for growth in the provincial population is expected as people continue to return or move to this province where the pace of life is much different due to the rural setting that pervades most of the province. The growth in housing in the two larger urban centres will be tempered by the desire to locate across the province near the ocean or several recreational developments. As such the housing starts will decrease slightly from the 2008 level of 630 units to 575 units by 2011.

Newfoundland and Labrador

The Government's intention is to transform the resource-rich, but debt-ridden region into a "have" province, by partnering with business in all future major energy projects. As a result, recent negotiations on deals for Hebron and White Rose (Extension) have seen the Government improve its equity position and this hopefully will ensure some longer-term benefits. However, since the province continues to struggle with its current fiscal position, fiscal restraint measures will continue to be required over the forecast period.

Concerns over the fishing industry continue to pose risks to rural economies but a number of other capital investment projects in the areas of energy and mining will help to shore up some growth outside St. John's. Overall, population losses resulting from on-going negative net-migration patterns and natural population declines are expected to be tempered by an improvement in the economic outlook. Consequently, housing demand is anticipated to remain strong over the forecast period. Total starts are expected to decline slightly in 2008 to 2,325 after rising over 7 per cent in 2007. Housing starts will begin to rise gradually reaching 2,400 units by 2011.

British Columbia

Overview

High level of starts

Momentum in the housing sector will keep starts and existing home sales high, albeit at slightly lower levels in 2008. Positive demand factors will be somewhat tempered by growing mortgage carrying costs, from higher home prices combined with modest increases in interest rates. Some homebuyers will opt for longer amortization periods in order to offset higher prices and mortgage rates.

Demand for home ownership remains strong although reduced from the frenzied level of the previous two years. Factors behind this demand include: unemployment near record lows, strong employment growth, rising wages, relatively low mortgage rates and growing migration.

In 2008, British Columbia will post above average growth in its economy for the seventh consecutive year. The strong domestic sector, which includes consumer spending, investment in residential and non-residential construction, and business investment in machinery and equipment, will be the main driver of economic growth. Trade will be a drag on the economy as a high Canadian dollar encourages imports by businesses and consumers and discourages exports. The slowdown in new home construction in the United States will further reduce BC lumber exports.

People moving to BC will add to demand for housing. The province will boast the second strongest population growth among the provinces, lagging only behind Alberta. The growth in interprovincial migration, which began in mid-2003, will continue through 2008. Job opportunities and the low unemployment rate will be a beacon to people from other provinces. BC will remain a key destination for people moving to Canada from other countries, making international migration the main source of population growth in BC.

In Detail

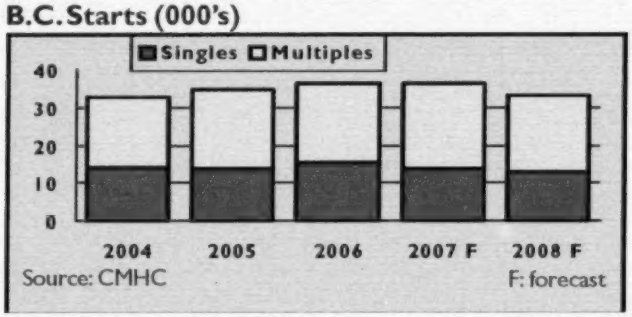
Single Starts: Fewer single-detached homes will be started in 2007 and 2008. High land and construction costs will lead to higher new home prices, while increased listings of resale homes will give potential homeowners more choice in existing neighbourhoods. The gap between new and existing home prices will widen.

Multiple Starts: Multiple-family starts will reach a 13-year peak of 22,600 units in 2007. Apartment condominium starts will continue to dominate this category with very few rental starts projected, despite low rental vacancy rates. In 2008, multiple-unit starts will edge lower, but again exceed the 20,000-unit benchmark for the fourth consecutive year.

Resales: Existing home sales will moderate next year as higher mortgage carrying costs dampen demand. Higher mortgage rates and rising home prices will limit choice for first-time and low-equity homebuyers. MLS® resales will total 93,750 units in 2008, a 6.7 per cent decline.

Prices: Prices for existing homes will outpace inflation despite the growing supply of resale home listings. This year the average MLS® price is projected to increase 12.1 per cent. Price growth will slow in 2008 as increased listings and fewer resales bring supply and demand for existing homes into balance. The average MLS® price will reach $464,500 in 2008, a 6.0 per cent increase from 2007's projected level.

B.C. Starts (000's)



Source: CMHC F: forecast

Provincial Highlight

The low interest rate environment, a growing economy and strong job gains during the past five years are three key factors which contributed to an increase in homeownership in British Columbia. According to the 2006 Census, 70 per cent of all households in BC owned the dwelling they lived in, up from 67 per cent five years earlier. In the more expensive Vancouver Census Metropolitan Area, the share was 65 per cent, while in Kelowna 77 per cent of dwellings were owner-occupied.

Alberta

Overview

Employment growth and migration down from record levels

Though Alberta will temporarily lose its standing as the provincial economic growth leader in 2007, the pace of expansion will remain heated. Following the 6.8 per cent surge in 2006, GDP growth will moderate to 4.5 per cent this year and 3.8 per cent in 2008. While last year's record migration and employment gains will fuel further consumption gains, the pace of growth will slow due to escalating living costs and the absence of prosperity bonuses. Natural gas markets will also drag down growth, as softer prices and escalating development costs have resulted in a sharp decline in drilling activity. Nonetheless, elevated crude oil prices will ensure that the billions of dollars in oil sands development continue to move forward, contributing to increases in non-conventional crude oil production.

Despite Alberta's solid economic performance, the province's ability to attract migrants is diminishing. In response to Alberta's escalating housing costs and improved economic conditions in British Columbia and Saskatchewan, many recent arrivals from these provinces are now moving back home. As a result, Alberta will rely more heavily on its distant neighbours to the east and other countries to satisfy the hunger for new residents. After reaching a record of 86,255 migrants in 2006, net migration will slip to 65,000 in 2007 and 56,000 in 2008.

With migration weakening and a record share of residents employed, Alberta will find it difficult to match the payroll expansion of the last two years. Following nearly five per cent gains in 2006 and 2007, employment growth will be limited to 2.1 per cent in 2008, the second weakest expansion in 15 years. Despite the lower growth rate, this does not represent a softening labour market. The province will maintain the lowest unemployment rate in the country at 3.5 per cent, leading to additional wage pressure and a high rate of full-time job creation.

In Detail

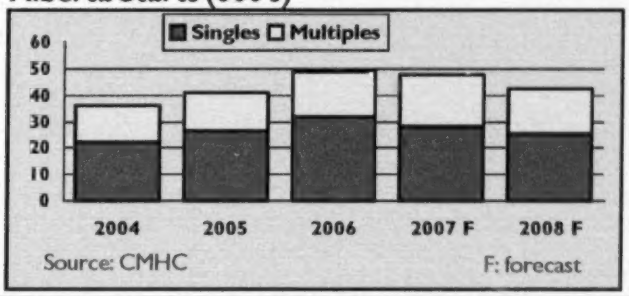
Single Starts: Weaker single-detached construction will drag down total housing starts this year and next. The recent escalation in production costs will be a dominant factor pushing single-detached housing starts lower, though weaker net migration and a strong rebound in active resale listings will inhibit construction. Following a record 31,835 units in 2006, single-detached starts will fall 11.3 per cent in 2007. Expect another 10.6 per cent decline to 25,250 units in 2008, the lowest total in four years.

Multiple Starts: Fuelled by home buyers seeking less expensive alternatives to the single-detached market, multi-family housing starts will climb to a 26-year high of 19,500 units in 2007. Weaker migration and increased inventories will lead to an 12.8 per cent reduction in multiple starts in 2008. In 2008, multi-family starts will account for 40 per cent of total housing starts, the same as 2007 and the highest proportion since 1982.

Resales: A surge in activity in the first half of 2007 will push existing home sales in Alberta toward last year's record, totalling 74,000 transactions. Sales peaked during the spring of this year as buyers bought in anticipation of further price increases and higher mortgage rates. Since then, however, a surge in listings has slowed the rate of price growth considerably and buyers have become increasingly resistant to the recent run up in prices. Consequently, sales are now on a downward trend. In the face of weaker migration, this trend will continue in 2008, with sales falling five per cent to 70,000 units.

Prices: Following a record 31 per cent gain in 2006, the average resale price in Alberta will advance another 24 per cent this year to $355,000. The majority of 2007's price gain is attributed to strength in the first half of the year. Since then, a sharp rebound in active listings combined with weaker demand has slowed the rate of price growth considerably. Under these conditions, price growth will be limited to seven per cent in 2008, the weakest annual gain in four years.

Alberta Starts (000's)



Source: CMHC F: forecast

Provincial Highlight

While sales in Alberta's existing home market in 2007 are on pace to match last year's performance, other factors suggest the two years could not be more different. In 2006, active listings in markets such as Calgary and Edmonton were at record lows, leading to bidding wars and sales above list price. Coupled with record sales activity, this severe imbalance between supply and demand led to the highest rate of price growth on record. Since then, the supply of resale homes has escalated to record highs. During the summer months of 2007, active listings in Calgary were more than double the corresponding levels in 2006, while Edmonton experienced a 300 per cent surge in listings during the same period.

Saskatchewan

Overview

Economic spotlight shifts to Saskatchewan

The Saskatchewan economy is quickly becoming one of Canada's provincial growth leaders. After standing still in 2006, economic growth will accelerate to 4.3 per cent this year, the strongest performance since 1997. This will be followed by a 3.7 per cent expansion next year.

A surging natural resource sector will fuel economic growth through 2008. Following a significant decline in 2006, potash output is on pace for a record gain thanks to additional production capacity and higher prices. Elevated prices for uranium and crude oil will also bolster these markets, despite little change in production. Additional stimulus will come from personal consumption, thanks to a surge in net migration, employment growth, and last year's two percentage point cut in the PST. Meanwhile, a 20-year high for housing starts will provide a further boost to GDP over the forecast period.

Housing markets are reaping the rewards of an aggressive campaign to attract migrants, many who have left to Alberta in previous years and are now coming home. Some are returning for employment and quality of life reasons, while others are simply cashing in on their homes in Alberta and moving back to Saskatchewan where the cost of living and house prices are much lower. Net migration is expected to add 8,500 people to the province this year and 4,800 in 2008. This will mark the end of an extended 22-year period of migratory losses.

Saskatchewan's migratory gains are quickly being absorbed into the work force. Employment is on pace for a 2.1 per cent expansion in 2007, the strongest performance in 10 years. Despite these gains, the province will still experience labour shortages. At around 4.2 per cent, the unemployment rate in Saskatchewan is at a 25-year low and is among the lowest in the country. Such full-employment conditions will limit the pace of job creation to 1.9 per cent in 2008.

In Detail

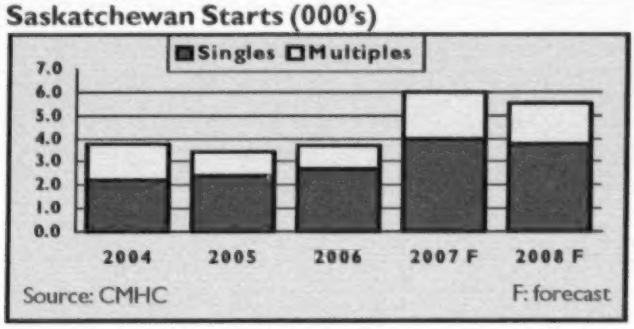
Single Starts: At 4,000 starts in 2007, single-detached home builders will post their best performance since 1983. Starts will jump an impressive 49 per cent over 2006, the strongest gain among any province in 15 years. Economic and demographic forces will ensure starts remain elevated in 2008, though skilled labour shortages, rapid price escalation, and surging resale inventories will have a dampening effect on production. These factors will result in single starts slipping to 3,750 units in 2008.

Multiple Starts: Multiple housing starts will jump 95 per cent to 2,000 units this year, the highest multiple activity seen since 1985. Although nearly half the starts will occur in Saskatoon, the largest increase will be in Regina where starts will more than double 2006 levels. Expect a fall off to 1,750 units in 2008, as builders concentrate on completing projects started in 2006 and 2007.

Resales: Despite a record low inventory of listings, surging demand will boost existing home sales by 33 per cent in 2007. With 12,150 transactions, 2007 will mark the best year for sales and the highest percentage increase on record. Escalating prices and weaker speculative demand will lead to a moderation in the number of sales in 2008 to 11,600 transactions.

Prices: A shortage of active listings and intense demand will boost the average resale price by 29 per cent in 2007, the highest gain ever recorded. Saskatoon will see average prices soar by almost 45 per cent while Regina will record a more restrained 21 per cent increase. New listings have already started to trend up in the larger centres and increased choice will weaken price growth to close to 14 per cent in 2008.

Saskatchewan Starts (000's)



Source: CMHC F: forecast

Provincial Highlight

Major land developers have seen demand for lots increase to such an extent that all land available to home builders in 2007 was sold before the end of June. Due to the scarce supply of developed lots, land prices have escalated and have caused some home builders to look outside the city limits of Regina and Saskatoon. Evidence of this is noted by the rise in starts in areas surrounding these two centres. Single-detached starts have increased nearly 52 per cent in areas surrounding the city of Regina, while Saskatoon has recorded a nearly 100 per cent increase in communities outside of city limits.

Manitoba

Overview

Construction sector powers growth

With expected growth of 3.0 per cent in 2007 and 3.1 per cent in 2008, the Manitoba economy will outperform the national average. Next year will mark the fifth in succession that the provincial economy expands by 2.5 per cent or more, the first such occurrence on record.

Capital investment will be a key driver of growth throughout the forecast period. Current major projects include the $1.3 billion Wuskwatim hydroelectric generating station, Manitoba Hydro's new office tower, the Red River Floodway expansion, and a new terminal at the Winnipeg International Airport. Manufacturing will also drive the economy forward, thanks to the burgeoning bus and aerospace sectors. Elevated grain, cattle, and hog prices are also pushing farm cash receipts higher, while higher base metal prices are expanding output in the mining sector. Increased nickel and gold production will boost mining output further in 2008.

Net migration will add more than 13,000 people to the province by the end of 2008, the strongest two-year performance on record. The Provincial Nominee Program will draw a record number of international migrants, while the outflow of Manitobans to other provinces will subside. Since 2003, Manitoba lost over 15,000 residents to Alberta, representing three quarters of the losses to other provinces. The narrowing gap in economic growth combined with growing disparity in house prices should reduce the outflow of Manitobans to Alberta.

The migratory expansion will facilitate job gains throughout the forecast period. Average employment will expand by 1.4 per cent this year, the strongest rate of increase since 2002. Despite this performance, Manitoba's low unemployment rate suggests that labour shortages in the province will persist. As a result, employment growth will be limited to 1.1 per cent in 2008.

The above factors will push total housing starts in Manitoba to 5,750 units in 2007, the best performance in 20 years. This will be followed by a slight decline to 5,600 units, still well above historical averages.

In Detail

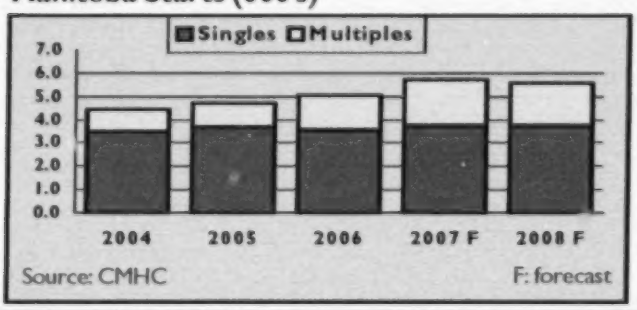
Single Starts: Single-detached starts are forecast to total 3,750 units this year before climbing to 3,800 units in 2008. This will represent a 21-year high for Manitoba home builders. In 2007, the increase in starts will be attributed to gains outside of Winnipeg city limits where builders are contending with a scarcity of serviced lots. Next year, this situation will be reversed in favour of Winnipeg as additional lot availability in Waverly West will spur higher construction.

Multiple Starts: Multi-family starts in Manitoba will peak at 2,000 units in 2007 before slipping back to 1,800 units next year. Condominium demand will remain elevated through 2008, especially in Winnipeg where persistent gains in single-detached prices are pushing some buyers toward the less expensive multi-family market. Despite the overall decline next year, multi-family starts in Manitoba will nearly double the preceding 10-year average.

Resales: Boosted by healthy demand from first-time and move-up buyers, existing home sales in Manitoba will climb seven per cent in 2007 to 13,950 units. Despite additional selection in 2008, persistent price gains could limit choice for first-time and low equity buyers, resulting in a more modest gain in sales next year. At 14,000 units, 2008 will mark the seventh year in succession that a sales record was achieved.

Prices: In 2007, Manitoba's resale market will experience double-digit price growth for the fifth consecutive year. Record demand combined with a shortage of listings will push prices up 12 per cent this year, reaching an average of $168,000. In 2008, an increase in active listings will provide more choice for buyers and weaken the pace of price growth to eight per cent.

Manitoba Starts (000's)



Source: CMHC F: forecast

Provincial Highlight

New home buyers in Manitoba are encountering a record rate of price growth. The latest New House Price Index (NHPI) showed a 16 per cent annual increase in the cost of building a home, nearly double the growth rate reported one year earlier. Higher land costs were the largest contributor to this increase, as the land-only component of the NHPI was 45 per cent higher than the previous year. Improved lot availability in the coming year should mitigate the upward pressure on input costs in 2008.

Ontario

Overview

Demand for multi-family homes will drive activity across the province

A stable economic outlook will help sustain a high level of housing demand in Ontario. Ontario new home construction activity will remain above historical averages in 2007 and 2008 registering 67,700 home starts this year and 68,175 starts in 2008. Meanwhile, Ontario's less expensive existing home market will post record levels of activity and capture a growing share of total home purchases. High new detached home prices, more choice in the resale market and residential land constraints will drive activity in the existing home market.

Growth in Ontario's economy will range between 2 to 2.5 per cent annually this year and next, down from a decade average of 3.5 per cent. Ontario's goods sector will continue to weigh on growth this year and next due largely to a high Canadian dollar. However, industry data on regional business conditions indicates that manufacturers are gradually adjusting to a high dollar. In fact, for the first time in six quarters, manufacturers in both vehicle assembly and auto parts industries increased their output in the first quarter. While job shedding continues in higher paying goods-producing sectors, some displaced workers will continue to be absorbed by a stronger consumer driven service sector. Low interest rates, healthy consumer confidence and rising incomes will support consumer spending, domestic demand and growth across the province.

The economic growth gap between the west and Central Canada will narrow. This suggests that the net outflow of Ontarians headed west will gradually subside. While population growth will be largely driven by international migration, Ontario's share of international migration has dropped recently relative to the rest of Canada.

In Detail

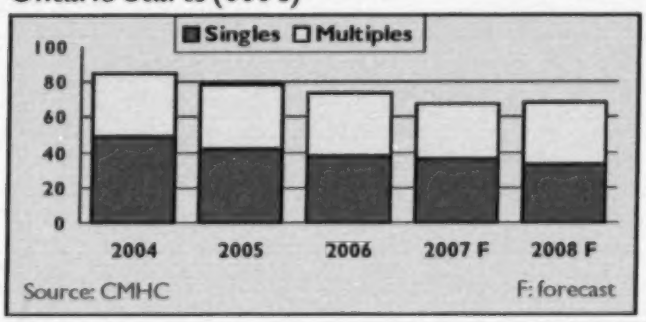
Single Starts: Single starts will decrease to 36,875 units this year and 33,425 units in 2008. Demand for higher priced detached homes will edge lower despite a rapidly growing mid 40s population which prefers low density homes. The decline in single detached home starts will be more gradual thanks to recent tightening in resale market conditions.

Multiple Starts: Strong apartment sales suggest a high backlog of apartment projects have yet to commence construction. This suggests that while multi-family home starts edge down to 30,825 units this year, multi-family starts will jump to 34,750 units in 2008. A healthy pool of first time buyers considering less expensive homes will help sustain a high level of demand for apartment and townhome units.

Resales: Sales through the Multiple Listing Services® will eclipse record activity registered in 2004, registering 214,350 sales this year and 206,250 sales in 2008. More choice across broader price ranges will drive the resale market to new heights. Slightly higher carrying costs in 2008 will pull sales only modestly lower.

Prices: The average MLS® price in Ontario will rise by 6.2 per cent this year and 3.3 per cent in 2008. Price growth will be running above inflation in the immediate term thanks to tighter resale market conditions. However, a more balanced resale market resulting from higher listings points to weakening price pressures in the longer term.

Ontario Starts (000's)



Source: CMHC F: forecast

Provincial Highlight

Is Ontario prone to the "Dutch Disease" experience which was common during the 1970s and what will it mean for Ontario's housing market? The "Dutch Disease" was a term coined in the 1970s describing Netherland's experience with a booming energy sector and a rising currency which triggered both a manufacturing and broader economic slowdown. Ontario's current experience is different for two important reasons. Firstly, Ontario's economy is not headed into a recession thanks to healthy domestic demand which is supporting a vibrant service sector. Secondly, Ontario's goods-producing sector is as much impacted today by structural changes tied to greater global competition as it is by cyclical factors related to the appreciation of oil prices and the Canadian dollar. As Ontario's service sector continues to grow as a share of GDP, labour and housing markets will adjust more gradually to external shocks.

Quebec

Overview

Fundamentals sustain market through 2008

Recent economic growth, a favourable borrowing context, and the continued impact of population aging shall contribute toward the start of over 52,000 homes in 2007 and 48,000 the following year. From an economic standpoint, domestic spending and investment will continue to be the drivers. Indeed, with job growth picking up, revenues and disposable income have also grown and prompted consumption. As the Canadian dollar strengthens, the private sector shall resume its investment plans, while the provincial government begins several major infrastructure projects. However, the strong Canadian dollar and growing foreign competition shall further weaken the province's export sector. While the service segment of the economy will do well, the competitiveness of the manufacturing sector will decrease due to the high dollar. For 2007 and 2008, we thus expect GDP to grow in the vicinity of 2 per cent, and job growth will register 2.2 and 1.6 per cent, respectively.

As interest rates remain near historically low levels, the growing range of financial instruments should also facilitate home buying in the coming years and possibly encourage some households to move ahead their purchase plans.

While it is expected that immigration shall grow a bit faster thanks to attractive economic conditions and potentially higher government targets, this will be partially offset by negative interprovincial migration in the next two years. However, population aging will continue to fuel demand for such dwellings as condominium and retirement home apartments.

In Detail

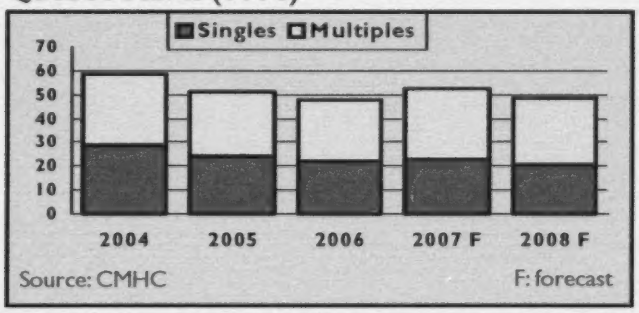
Single Starts: Single detached home starts will benefit from the economic and financial context described above. Demand in this segment shall be further helped by a somewhat lower supply on the resale market. However, the continued shifting of demand toward the less expensive and increasingly popular multi-family market shall further affect single starts. We expect approximately 23,000 starts in 2007 and 21,000 in 2008.

Multiple Starts: Population aging and affordability will continue to drive demand for condominiums and seniors residences. After a year of vigorous construction, which saw starts approach the 30,000 unit mark in 2007, rising vacancy rates in several regions of the province should cool starts of multi-family units to approximately 27,000 units in 2008.

Resales: Like the single-detached segment, the resale market will be supported by economic conditions, as well as by demand for condominium tenure, be it in the form of townhomes or apartments. Sales of existing homes on the Multiple Listing Service (MLS®) should achieve approximately 81,000 in each of 2007 and 2008.

Prices: In 2007 decreasing inventories of existing homes will meet with sustained demand, shifting conditions back into sellers market territory. As a result, price growth in 2007 shall pick up to over 6 per cent. Cooling demand should ease price growth to the 3 per cent range in 2008, by which time the average MLS® resale price will approach $214,000.

Quebec Starts (000's)



Source: CMHC F: forecast

Provincial Highlight

Residential construction in Quebec's smaller cities shall continue to thrive in coming years. In fact, it is expected that in 2007, housing starts in agglomerations such as Saint-Jean-sur-Richelieu and Drummondville will surpass those of several larger centres. While greater affordability and local economic prosperity explain part of this activity, another phenomenon has played a major role: construction of retirement homes. This latest fact is not surprising given the population aging, supply and demand in these areas. Only three years ago, approximately 250 retirement home units were started in centres with population between 10,000 and 99,999. By the end of 2007, the number will easily surpass the 1,000 unit mark. The newly constructed homes are self-contained rental apartments, offering a variety of amenities, and are marketed to seniors with little or no healthcare needs. However, the existing stock in these centres consists mainly of rooming homes, which raises the question of future matching of supply and demand.

New Brunswick

Overview

Economic Growth Prospects Cool

The province's growth prospects will be impacted by several economic challenges including the high Canadian dollar and energy prices. These factors have certainly had an impact on the manufacturing and export sectors as plant and mill closures as well as declines in production offset the positive effects of several large scale projects that are currently on-going.

Non-Residential Construction activity will provide stimulus to economic growth in 2007-2008 as a result of the continuation of the LNG terminal and the refurbishment of the Point Lepreau generating station. The possibility of additional investment in the energy sector in the Saint John region is already fuelling additional housing activity and the return of people from other regions in Canada.

The optimism related to a number of energy related projects could result in New Brunswick strengthening its regional position as the energy hub for Atlantic Canada over the next few years. With energy prices continuing to rise, the challenge for the province's future employment prospects will be the continuing need to shift people from manufacturing and export sectors into the service sector. Employment growth will reach 1.6 per cent in 2007 and one per cent in 2008 as capital investment continues to support growth.

Economic growth is expected to improve to 2.4 per cent in 2007 rising slightly to 2.5 per cent in 2008.

In Detail

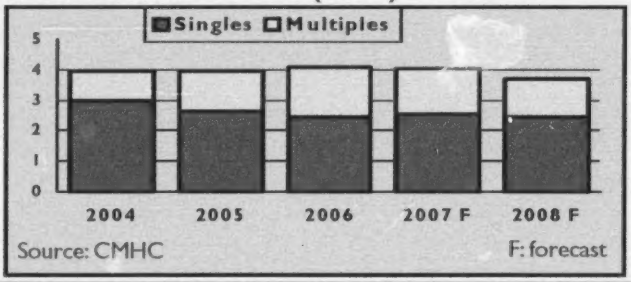
Single Starts: Following three consecutive years with an annual decline, single starts rebounded during the first three quarters of 2007, with an 11.1 per cent, year-over-year increase. A resilient provincial economy and relatively low mortgage rates continue to provide favourable conditions for new construction. As a result, expect single starts to increase to 2,550 units in 2007, before declining slightly to 2,450 units in 2008.

Multiple Starts: On the heels of a strong level of performance in 2006, multiple starts declined 6.0 per cent during the first three quarters of 2007. With several projects falling under the Federal/Provincial affordable housing agreement, Saint John was the only major urban area in the province supporting an increase in activity. As a result multiple starts are expected to decline to 1,475 units in 2007, with a further decline to 1,275 in 2008.

Resales: A significant year-over-year increase in sales in the early months of the year has not wavered, with each the province's three major centres posting double digit growth as of the end of the third quarter of 2007. As a result, MLS® sales in 2007 are expected to jump to 7,975, followed by a moderate decline to 7,625 in 2008.

Prices: Price growth in New Brunswick will strengthen in 2007 even though listings remain at historically high levels. The average price of homes sold through the MLS® system is expected to rise to $136,500 in 2007 with a subsequent increase to $141,500 in 2008.

New Brunswick Starts (000's)



Source: CMHC F: forecast

Provincial Highlight

The increasing number of New Brunswickers relocating to Western Canada has led to a tightening labour market in the province - in particular for skilled trades people. With looming shortages in some areas, new home construction faces the additional challenge of longer delays, in addition to continuously increasing costs. The resale market in the province has benefited as a growing number of potential homeowners are choosing to purchase an existing home instead of new construction. Through the first three quarters of the year, Fredericton and Saint John have experienced MLS® sales growth of 16.7 and 28.5 per cent, respectively. Meanwhile Greater Moncton, the province's other large urban center, was not far behind with an 11.1 year-over-year increase in MLS® unit sales. In these centres, positive net migration, historically high employment levels, rising salaries, and relatively low mortgage rates have bolstered housing demand, allowing the housing market to successfully resist slowing down.

Nova Scotia

Overview

Economic Growth Prospects Cool

The economy of Nova Scotia will continue facing serious challenges to economic growth as a result of higher energy prices and a much stronger Canadian dollar in 2007.

The outlook remains positive as a result of some growth in non-residential investment activity and continued strength in the service sector portion of the economy as well as contributions to growth by consumers. The outlook is uncertain as a number of large projects are still in the planning phase including Deep Panucke, a petrochemical and LNG plant as well as improvements to a deep-water container terminal.

A tight labour market continues to challenge employers large and small in the province as a result of migration to Alberta. The closure of a number of manufacturing facilities will continue to fuel some of the movement westward as the manufacturing sector continues to decline provincially.

The focus for future growth will come from a number of projects in the Halifax area including the planned expansion by RIM in Bedford and a number of other financial and service related call centres.

Slowing employment and population growth as well as a slowing housing sector will constrain growth. Growth prospects would improve if any of the current list of energy related projects moves from the planning to the construction phase.

Economic growth will remain within a fairly tight range of 2.3 per cent for 2007 and 2.4 per cent in 2008.

In Detail

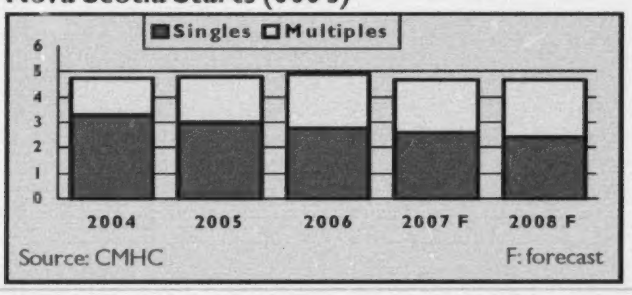
Single Starts: Single-detached housing starts are forecast to decline to 2,600 units in 2007 and to 2,400 units in 2008. Tight labour market conditions continue to exert pressure on wages pushing the cost of labour upward. This combined with rising land and development costs and shifting consumer preferences has contributed to rapidly increasing new home prices and a subsequent reduction in demand for new homes. While recent strength in existing home sales has encouraged some new construction activity there continues to be plenty of interest in existing homes. Many existing homes are extensively renovated and continue to provide competition as an alternative to new construction.

Multiple Starts: Multiple unit starts will remain elevated this year and next at 2,100 and 2,250 units respectively. Demographic trends and rising construction costs continue to encourage higher density development. Demand for new semi-detached homes will grow while interest in row housing is expected to remain steady. Developers will continue to meet the demands for multi-residential living as several new projects are expected to break ground in Halifax over the next 15 months.

Resales: Improving migration patterns, strong employment and wage growth, stronger consumer confidence and relatively low mortgage rates have supported strong sales figures in 2007. Demand for existing homes will result in 11,525 MLS® sales in 2007 (nine per cent growth) and a modest decline to 10,900 sales in 2008.

Prices: The recent rapid rate of MLS® sales price growth will continue through 2007 with 7.5 per cent price growth expected. In 2008, price growth will decelerate to 3.3 per cent.

Nova Scotia Starts (000's)



Source: CMHC F: forecast

Provincial Highlight

Nova Scotia continues to see a shift in new home construction. Multi-residential construction projects have filled the gap created by reduced demand for singles over the past several years. The phenomenon is especially concentrated in Halifax and is expected to continue into the foreseeable future. Several large-scale multi-residential projects are at various stages of planning in Halifax. These range in size from just over one hundred units to just over 1,000 units and some include innovative architecture or unique waterfront usage.

Prince Edward Island

Overview

Economic Growth Prospects Cool

The Island's economy is expected to see moderate growth over the forecast period. The province will benefit from some gains in employment from the service sector.

The economy will continue to be challenged by the much higher Canadian dollar and a rise in energy prices. These factors will continue to dampen the prospects for growth for several components of the economy including the agriculture, manufacturing and tourism industries. As well, the positive outlook for investment in both machinery and equipment will be tempered by the expected slowdown in both non-residential and residential construction activity.

The tourism sector is expected to weaken further as the higher Canadian dollar impacts the desire of Americans to travel outside their own country. Fortunately market conditions for potatoes have improved recently due to poorer weather conditions affecting European harvests and an acreage cap will keep prices up in 2007.

The rate of employment growth on the Island has done better than expected in 2007 with the level of growth forecast to end the year up 1.2 per cent. As a result 2008 should see a smaller level of growth of 0.9 per cent but the province should continue to benefit from the expansion in both financial and business services. Employment in the construction sector has been stable in 2007 as a result of numerous large projects remaining under construction. The rate of growth is expected to slow in 2008 as the level of investment activity begins to weaken.

As a result it is expected that economic growth will remain close to 2.0 per cent in both 2007 and 2008.

In Detail

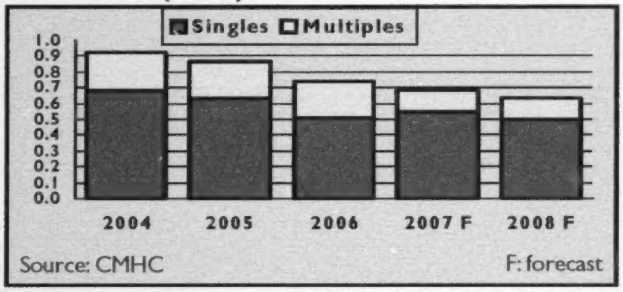
Single Starts: The construction of single-family homes is expected to rise slightly in 2007 before slowing in 2008. This will continue the overall trend of a slowdown in single starts since reaching a fifteen year high in 2004. The rising costs associated with new construction in conjunction with a general slowing of the economy will be the main reasons for the decline. Our current forecast is calling for 550 units in 2007, before slowing to 500 units in 2008.

Multiple Starts: Multiple starts are expected to reach 130 units per year over the forecast period. This substantial decline from the levels recorded over the previous five years is due to the increase in the vacancy rate and an absence of new condominium construction, which helped to increase multiple starts in 2006. The one area that should see an increase in activity is semi-detached starts, which are an alternative option for first-time buyers.

Resales: MLS® sales in PEI are expected to reach a new record high in 2007 with 1,635 sales, before slowing to 1,550 sales in 2008. The demand for existing homes continues to remain strong due to the widening price gap between new and existing homes, a decline in listings and continued positive in-migration

Prices: The average price should also rise over the next two years due to the strong demand for urban and waterfront and water view properties. The average MLS® sales price is expected to increase by 5.6 and 3.8 per cent in 2007 and 2008 respectively.

P.E.I. Starts (000's)



Source: CMHC F: forecast

Provincial Highlight

Waterfront properties in PEI continue to outperform when compared to the market overall. Just 5 years ago, in 2003, the average price of waterfront properties over the first three quarters of the year were only $133, 840. This contrasts sharply to the average price this year of $206,967, over the same period of nine months. This is a 55 per cent increase from 5 years ago. There is also a larger volume of these properties changing hands. Growth in this segment is being driven by Islanders returning home after working in other parts of the county as well as non-residents buying up recreational property. The rural lifestyle combined with the salty air and view of the water seems to be in high demand relative to the much more intense urban settings that many of the buyers could have chosen.

Newfoundland and Labrador

Overview

Economic Growth Prospects Cool

Economic growth will be strongly supported by higher oil and mineral exports, as well as the addition of new energy development from the Hebron project. Both Terra Nova and Hibernia are expected to peak in terms of production over the 2008-2009 period. Mineral production will be positively influenced by output at Voisey's Bay and the Duck Pond mine. As well, higher commodity prices are increasing the overall level of mineral exploration activity in the interior region of Newfoundland and also in Labrador. Energy prices are expected to remain historically high, offsetting some of the negative impact of possible production declines.

Accordingly, GDP growth is forecast at 8.0 per cent for 2007 and 1.5 per cent for 2008. Higher provincial government expenditures will also provide some economic stimulus over the forecast period. Employment will climb 1.0 per cent in 2007 and an additional 1.5 per cent in 2008. The fishery will continue to be challenged by weak markets, a very strong Canadian dollar and higher fuel costs. With personal incomes rising consumer spending will continue to improve. On-going population losses will impact domestic demand, but net-migration will begin to turn more positive in 2008, resulting in a better outlook for new construction activity. The development of power generation, a new refinery and further growth in the mining industry present upside risk to the forecast. In view of this, housing starts will edge up 4.1 per cent this year followed by a slight 3.2 per cent retreat next year.

In Detail

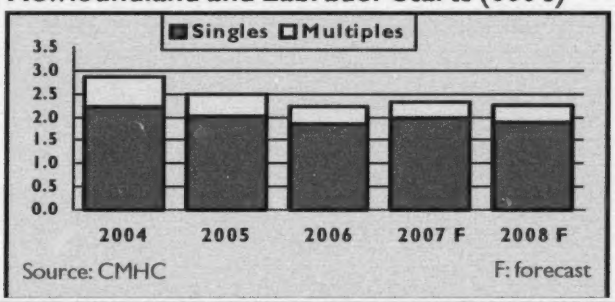
Single Starts: Favourable economic and demographic fundamentals will contribute to the expected increase in single-detached housing starts in 2007 and 2008. Stronger net-migration numbers and solid labour market performance will lift the singles market upward by 7.3 per cent this year to 2,000 starts, with 1,900 forecast for 2008.

Multiple Starts: Multiple unit construction is expected to retreat again this year, decreasing 12.2 per cent to 325 units, with 350 units anticipated for 2008. Starts of single-detached homes with basement apartments have lost ground, as homeowners continue to opt for less expensive single unit homes. Smaller households and solid local economic activity have enticed more developers to get involved in the growing condo market in St. John's. As a result, condo starts are forecast to increase once again in 2007 and 2008. With a recent peak in supply, demand for newly built semi-detached homes will remain low this year and next, as buyers opt for single-detached dwellings.

Resales: The sustained high level of MLS® active listings has provided buyers with a broad choice in the resale market and record buying activity is expected once again this year. Overall, demand will remain high through to the end of 2007 and into 2008. Accordingly, provincial MLS® sales are forecast to 13.8 per cent to 4,025 units this year, with 3,950 sales forecast for 2008.

Prices: Despite the sales strength of the past 21 months, the large inventory of homes for sale kept the average MLS® house price from rising substantially from Dec 2005 until May of this year. As a result the average price is expected to reach $148,000 by the end of this year, an increase of 6.1 per cent. The outlook for 2008 will be positively supported by a strong provincial economy, with the average MLS® price forecast to increase 6.4 per cent to $157,500.

Newfoundland and Labrador Starts (000's)

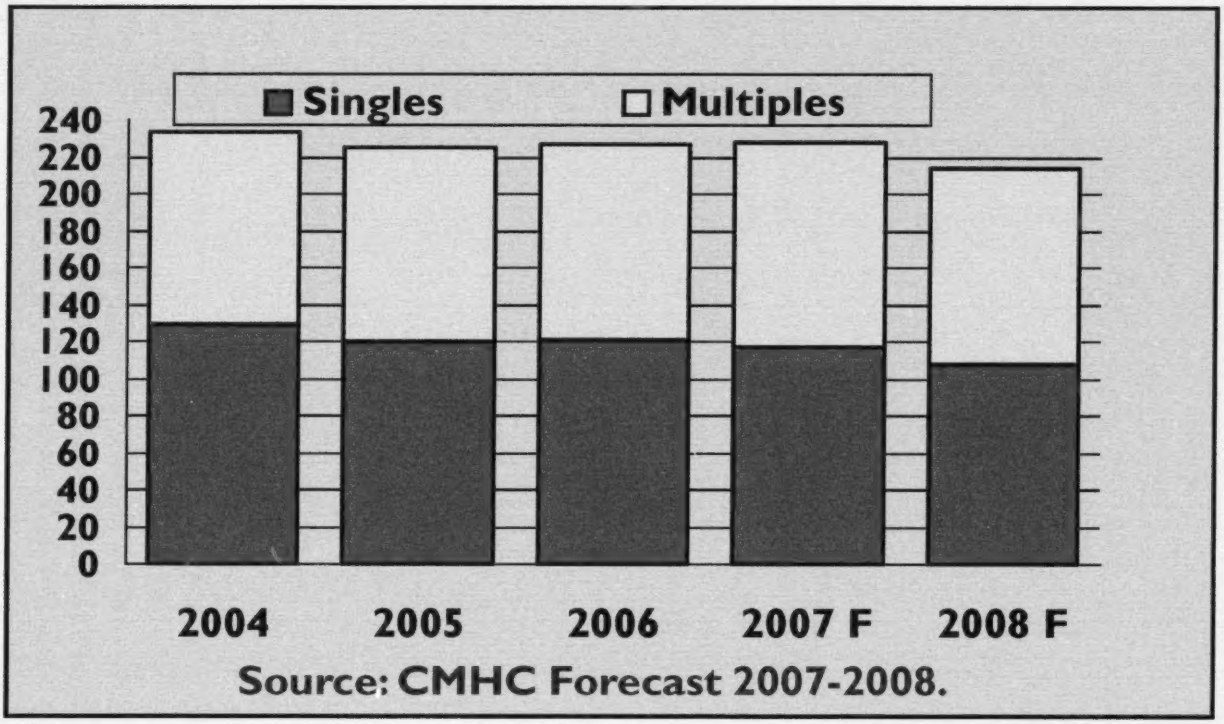


Source: CMHC F: forecast

Provincial Highlight

While many real estate markets across the country have experienced exponential price growth recently, the post-2005 surge in MLS® active listings put a damper on average MLS® price growth within the St. John's region. Record sales since this period have been offset by higher levels of active listings, forcing MLS® prices to remain flat, with very little growth since 2005. However, continued in-migration to the area, paired with increased economic activity and solid labour market performance are beginning to reverse this trend. The current expectation is that the positive economic outlook will continue to support price growth. The average MLS® price should rise to $148,000 by the end of 2007 and $157,500 next year.

Canada Starts (000's)



Source: CMHC Forecast 2007-2008.

Total Housing Starts (units and annual percent change)

	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	**2,419**	**2,692**	**2,870**	**2,498**	**2,234**	**2,325**	**2,250**
%	35.3	11.3	6.6	-13.0	-10.6	4.1	-3.2
PEI	**775**	**814**	**919**	**862**	**738**	**680**	**630**
%	14.8	5.0	12.9	-6.2	-14.4	-7.9	-7.4
NS	**4,970**	**5,096**	**4,717**	**4,775**	**4,896**	**4,700**	**4,525**
%	21.5	2.5	-7.4	1.2	2.5	-4.0	-3.7
NB	**3,862**	**4,489**	**3,947**	**3,959**	**4,085**	**4,025**	**3,725**
%	11.6	16.2	-12.1	0.3	3.2	-1.5	-7.5
QUE	**42,452**	**50,289**	**58,448**	**50,910**	**47,877**	**52,400**	**48,420**
%	53.4	18.5	16.2	-12.9	-6.0	9.4	-7.6
ONT	**83,597**	**85,180**	**85,114**	**78,795**	**73,417**	**67,700**	**68,175**
%	14.1	1.9	-0.1	-7.4	-6.8	-7.8	0.7
MAN	**3,617**	**4,206**	**4,440**	**4,731**	**5,028**	**5,750**	**5,600**
%	22.1	16.3	5.6	6.6	6.3	14.4	-2.6
SASK	**2,963**	**3,315**	**3,781**	**3,437**	**3,715**	**6,000**	**5,500**
%	24.4	11.9	14.1	-9.1	8.1	61.5	-8.3
ALTA	**38,754**	**36,171**	**36,270**	**40,847**	**48,962**	**47,750**	**42,250**
%	32.8	-6.7	0.3	12.6	19.9	-2.5	-11.5
BC	**21,625**	**26,174**	**32,925**	**34,667**	**36,443**	**36,200**	**33,250**
%	25.5	21.0	25.8	5.3	5.1	-0.7	-8.1
Canada	**205,034**	**218,426**	**233,431**	**225,481**	**227,395**	**227,530**	**214,325**
%	26.0	6.5	6.9	-3.4	0.8	0.1	-5.8

Source: CMHC Forecast 2007-2008.
(F) Forecast.
* Total does not add due to rounding.

Single-detached Starts (units and annual percent change)

	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	**2,092**	**2,240**	**2,229**	**2,005**	**1,864**	**2,000**	**1,900**
%	30.9	7.1	-0.5	-10.0	-7.0	7.3	-5.0
PEI	**582**	**613**	**682**	**634**	**512**	**550**	**500**
%	5.6	5.3	11.3	-7.0	-19.2	7.4	-9.1
NS	**3,363**	**2,968**	**3,270**	**3,010**	**2,757**	**2,600**	**2,400**
%	21.8	-11.7	10.2	-8.0	-8.4	-5.7	-7.7
NB	**2,769**	**3,139**	**2,970**	**2,665**	**2,445**	**2,550**	**2,450**
%	7.6	13.4	-5.4	-10.3	-8.3	4.3	-3.9
QUE	**25,257**	**27,225**	**28,871**	**23,930**	**21,917**	**22,830**	**21,025**
%	46.9	7.8	6.0	-17.1	-8.4	4.2	-7.9
ONT	**51,114**	**47,610**	**48,929**	**41,682**	**38,309**	**36,875**	**33,425**
%	29.0	-6.9	2.8	-14.8	-8.1	-3.7	-9.4
MAN	**3,016**	**3,165**	**3,484**	**3,709**	**3,552**	**3,750**	**3,800**
%	22.6	4.9	10.1	6.5	-4.2	5.6	1.3
SASK	**1,931**	**2,097**	**2,193**	**2,425**	**2,689**	**4,000**	**3,750**
%	18.7	8.6	4.6	10.6	10.9	48.8	-6.3
ALTA	**24,520**	**21,918**	**22,487**	**26,684**	**31,835**	**28,250**	**25,250**
%	24.0	-10.6	2.6	18.7	19.3	-11.3	-10.6
BC	**10,730**	**12,252**	**14,056**	**13,719**	**15,433**	**13,600**	**13,000**
%	36.5	14.2	14.7	-2.4	12.5	-11.9	-4.4
CAN	**125,374**	**123,227**	**129,171**	**120,463**	**121,313**	**117,005**	**107,500**
%	30.6	-1.7	4.8	-6.7	0.7	-3.6	-8.1

Source: CMHC Forecast 2007-2008.
(F) Forecast.
* Total does not add due to rounding.

Multiple Starts
(units and annual percent change)

	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	**327**	**452**	**641**	**493**	**370**	**325**	**350**
%	72.1	38.2	41.8	-23.1	-24.9	-12.2	7.7
PEI	**193**	**201**	**237**	**228**	**226**	**130**	**130**
%	55.6	4.1	17.9	-3.8	-0.9	-42.5	0.0
NS	**1,607**	**2,128**	**1,447**	**1,765**	**2,139**	**2,100**	**2,125**
%	20.7	32.4	-32.0	22.0	21.2	-1.8	1.2
NB	**1,093**	**1,350**	**977**	**1,294**	**1,640**	**1,475**	**1,275**
%	22.9	23.5	-27.6	32.4	26.7	-10.1	-13.6
QUE	**17,195**	**23,064**	**29,577**	**26,980**	**25,960**	**29,570**	**27,395**
%	63.9	34.1	28.2	-8.8	-3.8	13.9	-7.4
ONT	**32,483**	**37,570**	**36,185**	**37,113**	**35,108**	**30,825**	**34,750**
%	-3.5	15.7	-3.7	2.6	-5.4	-12.2	12.7
MAN	**601**	**1,041**	**956**	**1,022**	**1,476**	**2,000**	**1,800**
%	19.5	73.2	-8.2	6.9	44.4	35.5	-10.0
SASK	**1,032**	**1,218**	**1,588**	**1,012**	**1,026**	**2,000**	**1,750**
%	36.9	18.0	30.4	-36.3	1.4	94.9	-12.5
ALTA	**14,234**	**14,253**	**13,783**	**14,163**	**17,127**	**19,500**	**17,000**
	51.3	0.1	-3.3	2.8	20.9	13.9	-12.8
BC	**10,895**	**13,922**	**18,869**	**20,948**	**21,010**	**22,600**	**20,250**
%	16.3	27.8	35.5	11.0	0.3	7.6	-10.4
CAN	**79,660**	**95,199**	**104,260**	**105,018**	**106,082**	**110,525**	**106,825**
%	19.4	19.5	9.5	0.7	1.0	4.2	-3.3

Source: CMHC Forecast 2007-2008.
(F) Forecast.
* Total does not add due to rounding.

Multiple Housing Starts by Type (Units)

		2002	2003	2004	2005	2006	2007(F)	2008(F)
NF	Semi-detached	36	66	264	151	122	100	125
	Row	42	107	51	31	39	25	25
	Apartment	249	279	326	311	209	200	200
	Total	327	452	641	493	370	325	350
PEI	Semi-detached	64	72	76	111	62	90	80
	Row	47	40	80	75	13	0	10
	Apartment	82	89	81	42	151	40	40
	Total	193	201	237	228	226	130	130
NS	Semi-detached	253	338	266	301	353	405	400
	Row	144	277	186	265	255	220	200
	Apartment	1,210	1,513	995	1,199	1,531	1,475	1,525
	Total	1,607	2,128	1,447	1,765	2,139	2,100	2,125
NB	Semi-detached	186	254	293	391	482	550	520
	Row	68	143	256	203	275	185	135
	Apartment	839	953	428	700	883	740	620
	Total	1,093	1,350	977	1,294	1,640	1,475	1,275
QC	Semi-detached	1,855	2,432	2,932	2,678	2,599	2,770	2,695
	Row	964	773	1,109	1,074	1,343	1,700	1,700
	Apartment	14,376	19,859	25,536	23,228	22,018	25,100	23,000
	Total	17,195	23,064	29,577	26,980	25,960	29,570	27,395
ON	Semi-detached	6,886	6,379	5,172	4,673	4,393	3,900	3,500
	Row	11,849	12,191	12,824	12,537	11,046	11,350	10,500
	Apartment	13,748	19,000	18,189	19,903	19,669	15,575	20,750
	Total	32,483	37,570	36,185	37,113	35,108	30,825	34,750
MAN	Semi-detached	68	88	132	133	178	295	275
	Row	76	62	92	161	158	180	150
	Apartment	457	891	732	728	1,140	1,525	1,375
	Total	601	1,041	956	1,022	1,476	2,000	1,800
SK	Semi-detached	142	95	184	236	123	300	300
	Row	456	594	681	378	423	750	650
	Apartment	434	529	723	398	480	950	800
	Total	1,032	1,218	1,588	1,012	1,026	2,000	1,750
ALB	Semi-detached	2,869	2,567	2,916	3,012	3,807	3,900	3,450
	Row	2,531	2,859	2,401	2,951	2,935	4,500	4,000
	Apartment	8,834	8,827	8,466	8,200	10,385	11,100	9,550
	Total	14,234	14,253	13,783	14,163	17,127	19,500	17,000
B.C.	Semi-detached	1,225	1,353	2,062	1,791	2,239	2,100	1,750
	Row	2,305	3,297	4,387	4,459	4,476	4,700	4,150
	Apartment	7,365	9,272	12,420	14,698	14,295	15,800	14,350
	Total	10,895	13,922	18,869	20,948	21,010	22,600	20,250
CAN	Semi-detached	13,584	13,644	14,297	13,477	14,358	14,410	13,095
	Row	18,482	20,343	22,067	22,134	20,963	23,610	21,520
	Apartment	47,594	61,212	67,896	69,407	70,761	72,505	72,210
	Total	79,660	95,199	104,260	105,018	106,082	110,525	106,825

Source: CMHC Forecast 2007-2008.
* Total does not add due to rounding.

Total Residential Resales (units and annual percent change)

	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	**3,014**	**3,238**	**3,265**	**3,211**	**3,537**	**4,025**	**3,950**
%	7.3	7.4	0.8	-1.7	10.2	13.8	-1.9
PEI	**1,306**	**1,404**	**1,500**	**1,449**	**1,492**	**1,635**	**1,550**
%	5.8	7.5	6.8	-3.4	3.0	9.6	-5.2
NS	**10,243**	**9,221**	**8,887**	**10,943**	**10,577**	**11,525**	**10,900**
%	8.5	-10.0	-3.6	23.1	-3.3	9.0	-5.4
NB	**5,089**	**5,489**	**5,979**	**6,836**	**7,125**	**7,975**	**7,625**
%	6.5	7.9	8.9	14.3	4.2	11.9	-4.4
QUE	**68,161**	**67,130**	**69,296**	**70,649**	**72,520**	**81,000**	**81,100**
%	9.3	-1.5	3.2	2.0	2.6	11.7	0.1
ONT	**178,058**	**184,457**	**197,353**	**197,007**	**194,793**	**214,350**	**206,250**
%	9.7	3.6	7.0	-0.2	-1.1	10.0	-3.8
MAN	**11,108**	**11,523**	**12,098**	**12,761**	**13,018**	**13,950**	**14,000**
%	-2.9	3.7	5.0	5.5	2.0	7.2	0.4
SASK	**7,933**	**7,698**	**8,172**	**8,312**	**9,140**	**12,150**	**11,600**
%	-0.5	-3.0	6.2	1.7	10.0	32.9	-4.5
ALTA	**51,042**	**51,334**	**57,460**	**65,866**	**74,350**	**74,000**	**70,000**
%	4.2	0.6	11.9	14.6	12.9	-0.5	-5.4
BC	**82,737**	**93,095**	**96,385**	**106,310**	**96,671**	**100,500**	**93,750**
%	19.0	12.5	3.5	10.3	-9.1	4.0	-6.7
CAN**	**418,691**	**434,589**	**460,395**	**483,344**	**483,223**	**521,100**	**500,800**
%	9.9	3.8	5.9	5.0	0.0	7.8	-3.9

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2007-2008.
(F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

Average Residential Resale Price (dollars and annual percent change)

	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	113,081	119,822	131,499	141,167	139,542	148,000	157,500
%	8.3	6.0	9.7	7.4	-1.2	6.1	6.4
PEI	94,964	101,745	110,815	117,237	125,430	132,500	137,500
%	8.3	7.1	8.9	5.8	7.0	5.6	3.8
NS	126,669	136,292	146,033	159,247	169,237	182,000	188,000
%	9.7	7.6	7.1	9.0	6.3	7.5	3.3
NB	100,129	105,858	112,933	120,641	126,864	136,500	141,500
%	4.4	5.7	6.7	6.8	5.2	7.6	3.7
QUE	130,403	151,881	171,099	184,583	194,024	207,150	213,900
%	12.6	16.5	12.7	7.9	5.1	6.8	3.3
ONT	210,901	226,824	245,230	263,042	278,455	295,800	305,500
%	9.1	7.5	8.1	7.3	5.9	6.2	3.3
MAN	96,531	106,788	119,245	133,854	150,229	168,000	181,500
%	3.6	10.6	11.7	12.3	12.2	11.8	8.0
SASK	101,297	104,995	110,824	122,765	132,078	170,000	193,000
%	3.0	3.7	5.6	10.8	7.6	28.7	13.5
ALTA	170,253	182,845	194,769	218,266	285,383	355,000	379,000
%	10.7	7.4	6.5	12.1	30.7	24.4	6.8
BC	238,877	259,968	289,107	332,224	390,963	438,200	464,500
%	7.2	8.8	11.2	14.9	17.7	12.1	6.0
CAN**	188,785	207,162	226,386	249,255	277,020	304,986	317,869
%	9.9	9.7	9.3	10.1	11.1	10.1	4.2

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2007-2008.
(F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

Employment (annual percent change)							
	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	1.7	2.4	1.0	-0.1	0.7	1.0	1.5
PEI	1.7	2.2	1.3	1.9	0.6	1.2	0.9
NS	1.8	2.0	2.6	0.2	-0.3	1.1	1.3
NB	3.9	0.0	2.0	0.1	1.4	1.6	1.0
QUE	3.8	1.7	1.4	1.0	1.3	2.2	1.6
ONT	1.8	3.0	1.7	1.3	1.5	1.5	1.2
MAN	2.3	0.5	1.1	0.6	1.1	1.4	1.1
SASK	1.7	1.7	0.8	0.8	1.7	2.1	1.9
ALTA	2.4	2.7	2.4	1.5	4.8	4.7	2.1
BC	2.3	2.5	2.4	3.3	3.0	3.0	2.3
CAN	2.4	2.4	1.8	1.4	1.9	2.2	1.4

Sources: Statistics Canada, CMHC Forecast 2007-2008
(F) Forecast.

Unemployment Rate (percent)							
	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	16.6	16.5	15.7	15.2	14.8	13.6	13.0
PEI	12.1	11.0	11.2	10.8	11.1	10.3	10.1
NS	9.6	9.1	8.8	8.4	7.9	8.0	7.6
NB	10.2	10.3	9.8	9.7	8.8	7.7	7.8
QUE	8.6	9.1	8.5	8.3	8.0	7.2	6.7
ONT	7.1	6.9	6.8	6.6	6.3	6.4	6.3
MAN	5.1	5.0	5.3	4.8	4.3	4.5	4.4
SASK	5.7	5.6	5.3	5.1	4.7	4.2	4.0
ALTA	5.3	5.1	4.6	3.9	3.4	3.5	3.5
BC	8.5	8.0	7.2	5.9	4.8	4.1	4.1
CAN	7.7	7.6	7.2	6.8	6.3	6.0	5.8

Sources: Statistics Canada, CMHC Forecast 2007-2008.
(F) Forecast.

Real Gross Domestic Product (annual percent change)							
	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	16.4	6.2	-1.4	0.4	2.8	8.0	1.5
PEI	5.8	1.5	1.8	2.1	2.0	2.0	1.8
NS	4.2	0.9	1.4	1.6	1.1	2.3	2.4
NB	4.4	1.7	2.0	0.3	2.6	2.4	2.5
QUE	2.7	2.1	2.3	2.2	1.7	1.8	2.2
ONT	3.2	1.6	2.7	2.8	1.9	2.2	2.4
MAN	1.9	1.8	2.3	2.7	3.3	3.0	3.1
SASK	-0.2	3.8	3.4	3.1	0.4	4.3	3.7
ALTA	2.5	3.1	4.3	4.6	6.8	4.5	3.8
BC	3.5	2.7	4.0	3.7	3.6	3.2	3.4
CAN	3.1	2.0	2.9	2.9	2.7	2.6	2.7

Sources: Statistics Canada, CMHC Estimate 2006, CMHC Forecast 2007-2008
(F) Forecast.

Total Net Migration* (persons)

	2002	2003	2004	2005	2006	2007(F)	2008(F)
NFLD	-2,665	-724	-2,407	-4,035	-3,542	-2,500	-1,500
PEI	149	329	-5	155	332	300	400
NS	1,129	1,494	-211	-2,719	-1,572	700	1,200
NB	701	-378	49	-1,836	-2,238	2,000	2,500
QUE	29,454	34,443	34,550	28,039	25,060	23,500	26,000
ONT	137,363	109,871	102,541	95,372	69,589	57,932	64,500
MAN	1,924	3,409	3,988	-2,386	1,603	7,400	5,850
SASK	-6,218	-3,344	-4,467	-8,964	-1,817	8,500	4,800
ALTA	30,270	23,227	32,796	68,098	86,255	65,000	56,000
BC	25,011	35,429	38,646	43,654	44,047	49,700	52,800
CAN**	217,118	203,756	205,480	215,378	217,717	212,532	212,550

Sources: Statistics Canada, CMHC Forecast 2007-2008. (F) Forecast.

* Sum of interprovincial migration, international migration, and non-permanent residents.

** Excludes Yukon, Northwest Territories, and Nunavut.

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS® sales	MLS® average price	Rental vacancy rate Structures of 3 units +	Average rent Two bedroom structures of 3 units
Victoria	2006	2,739	928	3.8	7,500	427,154	0.5	874
	2007(F)	2,445	770	1.5	8,300	465,000	0.6	895
	2008(F)	2,275	820	4.5	7,600	485,000	0.9	935
Vancouver	2006	18,705	5,614	6.9	36,479	509,876	0.7	1045
	2007(F)	19,000	4,000	6.5	38,300	571,000	0.8	1087
	2008(F)	18,500	3,800	5.8	37,200	623,000	1.0	1119
Abbotsford	2006	1,207	427	n.a.	3,853	303,959	2.0	719
	2007(F)	1,150	510	n.a.	3,700	361,700	2.1	733
	2008(F)	1,200	450	n.a.	3,650	398,000	2.3	748
Kelowna	2006	2,692	1,122	n.a.	4,790	349,805	0.6	800
	2007(F)	2,750	1,100	n.a.	5,500	415,000	0.8	835
	2008(F)	2,700	1,050	n.a.	5,200	448,000	1.0	860
Edmonton	2006	14,970	9,064	28.9	21,984	250,915	1.2	808
	2007(F)	14,550	7,800	32.4	21,200	340,000	1.0	950
	2008(F)	12,400	6,700	10.6	20,000	360,000	0.8	1090
Calgary	2006	17,046	10,482	43.6	33,024	346,673	0.5	960
	2007(F)	14,250	8,000	16.0	33,100	418,000	1.2	1075
	2008(F)	13,250	7,250	7.0	31,700	450,000	1.7	1140
Saskatoon	2006	1,496	959	9.1	3,430	160,577	3.2	608
	2007(F)	2,450	1,600	30.0	4,400	232,500	2.5	640
	2008(F)	2,100	1,500	12.0	4,250	265,000	2.2	665
Regina	2006	986	749	8.6	2,953	131,851	3.3	619
	2007(F)	1,350	800	15.0	3,900	160,000	2.3	650
	2008(F)	1,150	750	12.0	3,700	180,000	2.1	675
Winnipeg	2006	2,777	1,737	9.4	11,594	154,607	1.3	709
	2007(F)	3,425	1,850	12.0	12,350	174,500	1.4	760
	2008(F)	3,450	1,950	7.0	12,450	189,000	1.2	800
Thunder Bay	2006	165	157	1.7	1,539	127,464	4.9	696
	2007(F)	230	180	4.0	1,650	131,300	5.7	703
	2008(F)	240	190	4.5	1,670	135,000	6.2	706
Sudbury	2006	477	448	1.7	2,762	150,434	1.2	706
	2007(F)	510	480	3.0	2,900	179,800	0.8	741
	2008(F)	640	490	4.0	2,980	197,700	0.7	778
Windsor	2006	1,045	692	0.0	5,047	164,123	10.4	765
	2007(F)	575	385	-2.4	4,975	163,000	11.2	774
	2008(F)	510	360	-1.5	4,700	161,000	9.0	782

Sources: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2007-2008
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*MLS® numbers reflect all of Durham Region
n.a.: data not available

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS® sales	MLS® average price	Rental vacancy rate Structures of 3 units +	Average rent Two bedroom structures of 3 units
London	2006	3,674	2,090	5.2	9,234	190,521	3.6	790
	2007(F)	3,306	2,030	3.6	9,700	202,200	3.7	807
	2008(F)	3,206	1,950	4.5	9,320	211,200	3.9	825
Kitchener	2006	2,599	1,542	4.1	6,115	237,913	3.3	824
	2007(F)	2,550	1,050	1.5	7,000	251,000	3.8	840
	2008(F)	2,650	1,100	2.0	6,700	262,000	3.5	857
St. Catharines-Niagara	2006	1,280	866	7.0	6,430	194,500	4.3	752
	2007(F)	1,030	700	6.5	6,700	203,300	4.5	766
	2008(F)	930	600	6.0	6,600	211,400	4.5	777
Hamilton	2006	3,043	1,741	5.5	13,059	248,754	4.3	796
	2007(F)	3,410	1,950	5.5	13,900	272,000	4.1	800
	2008(F)	3,630	2,150	5.4	14,040	300,000	3.9	805
Toronto	2006	37,080	14,120	3.8	84,842	352,388	3.2	1067
	2007(F)	33,500	14,500	2.5	95,000	371,000	3.5	1085
	2008(F)	35,000	12,500	2.0	90,000	388,000	3.0	1105
Barrie	2006	1,169	972	n.a.	4,397	244,395	2.8	906
	2007(F)	990	770	n.a.	5,000	258,000	3.1	n.a.
	2008(F)	920	650	n.a.	4,800	268,000	2.7	n.a.
Peterborough	2006	437	283	n.a.	2,714	213,469	2.8	818
	2007(F)	440	290	n.a.	2,900	225,000	3.0	n.a.
	2008(F)	430	250	n.a.	2,700	232,000	2.8	n.a.
Brantford	2006	409	357	n.a.	2,139	198,716	2.3	n.a.
	2007(F)	440	370	n.a.	2,400	217,000	2.0	n.a.
	2008(F)	450	380	n.a.	2,570	233,000	1.8	n.a.
Guelph	2006	864	485	n.a.	2,859	245,676	2.8	839
	2007(F)	930	580	n.a.	3,200	258,000	3.2	n.a.
	2008(F)	900	550	n.a.	3,000	267,000	3.0	n.a.
Oshawa*	2006	2,995	2,109	n.a.	9,354	258,362	4.1	861
	2007(F)	2,200	1,700	n.a.	9,800	264,500	4.0	868
	2008(F)	3,130	2,100	n.a.	9,500	270,500	3.9	878
Kingston	2006	968	481	n.a.	3,517	212,157	2.1	841
	2007(F)	810	470	n.a.	3,590	221,810	2.3	870
	2008(F)	810	440	n.a.	3,650	230,240	2.0	896

Sources: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2007-2008

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n.a.: data not available

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS® sales	MLS® average price	Rental vacancy rate Structures of 3 units +	Average rent Two bedroom structures of 3 units
Ottawa	2006	5,875	2,480	3.3	14,003	257,481	2.3	941
	2007(F)	6,125	2,750	3.4	14,900	271,000	2.1	960
	2008(F)	6,225	2,650	3.3	14,750	282,000	1.9	985
Gatineau	2006	2,933	1,171	3.3	4,202	172,527	4.2	667
	2007(F)	3,200	900	3.5	4,500	181,000	4.5	675
	2008(F)	2,800	850	3.3	4,550	185,000	4.3	680
Montréal	2006	22,813	7,793	4.0	38,792	236,522	2.7	636
	2007(F)	25,000	8,100	3.5	42,800	251,000	3.2	650
	2008(F)	23,500	7,700	3.0	42,800	266,000	3.7	660
Trois-Rivières	2006	1,017	372	n.a.	877	115,890	1.0	488
	2007(F)	975	325		840	126,000	1.3	500
	2008(F)	820	320		775	131,000	1.8	510
Sherbrooke	2006	1,545	588	n.a.	1,789	164,400	1.2	515
	2007(F)	1,440	640		1,860	172,600	1.7	530
	2008(F)	1,380	680		1,935	180,400	1.8	540
Québec	2006	5176	2226	5.20	6980	160508	1.50	637
	2007(F)	5000	2150		7400	172500	1.90	650
	2008(F)	4300	1900		7550	181125	2.30	660
Saguenay	2006	485	271	n.a.	1,232	120,238	4.1	485
	2007(F)	772	300		1,300	135,500	12.7	493
	2008(F)	715	295		1,230	145,500	7.3	505
Saint John	2006	565	363	3.3	1,852	128,202	6.8	556
	2007(F)	650	390	1.0	2,200	142,500	5.5	570
	2008(F)	620	360	2.0	2,100	149,000	5.5	585
Moncton	2006	1,416	593	3.3	2,561	128,547	5.6	636
	2007(F)	1,385	625	1.5	2,750	141,000	5.9	650
	2008(F)	1,285	585	2.0	2,600	147,500	5.5	665
Halifax	2006	2,511	1,056	4.3	6,228	201,734	3.2	799
	2007(F)	2,525	1,050	4.0	6,850	215,000	3.6	820
	2008(F)	2,550	1,000	3.5	6,500	223,000	3.9	840
St. John's	2006	1,275	985	3.7	3,537	139,542	4.5	635
	2007(F)	1,375	1,100	4.0	4,025	148,000	4.7	645
	2008(F)	1,350	1,050	4.0	3,950	157,500	4.8	665
Charlottetown	2006	467	276	2.2	486	144,036	4.4	638
	2007(F)	365	265	1.0	550	160,000	4.7	655
	2008(F)	350	250	2.0	500	167,500	4.3	675
ALL	2006	162022	73502	9.7	350045	n.a.	2.6	n.a.
CENTRES	2007(F)	158303	68470	6.8	375940	n.a.	3.0	n.a.
LISTED ABOVE	2008(F)	153666	63790	4.4	364150	n.a.	3.0	n.a.

Sources: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2007-2008
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Major Housing Indicators
(levels and quarterly percent change)

	05:Q4	06:Q1	06:Q2	06:Q3	06:Q4	07:Q1	07:Q2	07:Q3
New Housing								
Building permits, units, thousands	262.3	223.8	233.2	239.8	236.0	219.5	247.3	247.8
% change	*12.7*	*-14.7*	*4.2*	*2.8*	*-1.6*	*-7.0*	*12.7*	*0.2*
Housing starts, total, thousands	224.9	244.1	227.8	219.7	222.4	222.1	226.3	247.4
% change	*-2.0*	*8.5*	*-6.7*	*-3.6*	*1.2*	*-0.1*	*1.9*	*9.3*
Housing starts, singles, thousands	122.4	131.3	121.4	121.1	115.1	116.2	117.8	122.1
% change	*5.0*	*7.3*	*-7.5*	*-0.2*	*-5.0*	*1.0*	*1.4*	*3.7*
Housing starts, multiples,	102.5	112.8	106.4	98.6	107.3	105.9	108.5	108.5
% change	*-9.3*	*10.0*	*-5.7*	*-7.3*	*8.8*	*-1.3*	*2.5*	*0.0*
Housing completions, total,	54,406	49,321	51,784	60,015	54,827	46,516	50,517	56,042
% change	*-6.3*	*-9.3*	*5.0*	*15.9*	*-8.6*	*-15.2*	*8.6*	*10.9*
New house price index, 1997=100	132.4	135.4	140.1	145.2	147.2	148.7	151.9	154.8
% change	*1.8*	*2.3*	*3.4*	*3.7*	*1.4*	*1.0*	*2.2*	*1.9*
Existing housing								
MLS® resales, units, thousands	492,708	494,064	484,576	473,144	483,296	517,460	534,448	n.a.
% change	*-2.0*	*0.3*	*-1.9*	*-2.4*	*2.1*	*7.1*	*3.3*	*n.a.*
MLS® average resale price, $C	258,723	267,543	277,164	278,980	284,402	295,021	304,386	n.a.
% change	*2.6*	*3.4*	*3.6*	*0.7*	*1.9*	*3.7*	*3.2*	*n.a.*
Mortgage market								
1-year mortgage rate, per cent*	5.55	5.90	6.37	6.47	6.37	6.47	6.83	7.05
5-year mortgage rate, per cent*	6.15	6.40	6.82	6.83	6.60	6.60	7.01	7.22
Residential investment**								
Total, $1997 millions	78,548	80,344	79,326	78,038	77,992	79,545	80,600	n.a.
% change	*0.8*	*2.3*	*-1.3*	*-1.6*	*-0.1*	*2.0*	*1.3*	*n.a.*
New, $1997 millions	37,720	38,841	38,409	37,145	36,223	36,322	36,592	n.a.
% change	*-0.1*	*3.0*	*-1.1*	*-3.3*	*-2.5*	*0.3*	*0.7*	*n.a.*
Alterations, $1997 millions	28,900	29,264	29,372	29,764	30,496	31,012	31,144	n.a.
% change	*3.5*	*1.3*	*..4*	*1.3*	*2.5*	*1.7*	*0.4*	*n.a.*
Transfer costs, $1997 millions	12,100	12,388	11,800	11,492	11,708	12,564	13,124	n.a.
% change	*-1.6*	*2.4*	*-4.7*	*-2.6*	*1.9*	*7.3*	*4.5*	*n.a.*
Deflator, 1997=100	118.6	121.1	124.3	126.9	128.6	130.8	133.3	n.a.
% change	*1.2*	*2.1*	*2.6*	*2.0*	*1.4*	*1.7*	*1.9*	*n.a.*

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.

n.a. Data not available.

* All indicators are seasonally adjusted and annualized except the New house price index and the Residential Investment deflator which are only seasonally adjusted and Housing completions and the 1-year and 5-year mortgage rates which are not adjusted or

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